

Commerce: Shull, Chair; Egenes and Dieleman.

JAN 23 1979

HOUSE FILE 131

Commerce *Do Pass 2/13*

BY EVANS, HANSON of Delaware
and JOHNSON of Howard

House File 131
(Reassigned)

Do Pass 2/16 (p. 844)

Commerce
Bergman, Chairperson
Goodwin
Priche

Passed House, Date 2-26-79 (p. 670) Passed Senate, Date 4-23-79 (p. 1353)

Vote: Ayes 61 Nays 21 Vote: Ayes 30 Nays 17

Approved May 4, 1979

A BILL FOR

1 An Act to increase the maximum interest rate applicable to
2 certain tax anticipatory warrants to six percent.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section nineteen point eight (19.8), Code 1979,
2 is amended to read as follows:

3 19.8 ANTICIPATION OF REVENUES. The executive council may
4 anticipate the revenues for any year, when the current revenues
5 for ~~such~~ that year are insufficient to pay all warrants issued
6 in ~~said~~ that year, by causing state warrants, in an amount
7 not exceeding the estimated state revenues for ~~said~~ that year,
8 and drawing not to exceed ~~five~~ six percent per annum, to be
9 issued, advertised, and sold on sealed bids to the highest
10 bidder. All bids and all records pertaining thereto, and
11 the names of all purchasers shall be kept on file.

12 Sec. 2. Section thirty-seven point twenty-eight (37.28),
13 Code 1979, is amended to read as follows:

14 37.28 ANTICIPATORY WARRANTS. If the funds raised under
15 the provisions of this chapter are insufficient for any fiscal
16 year to pay the principal and interest due in that year on
17 any bonds issued for hospital purposes under section 37.6
18 and to pay the expenses of the operation and maintenance of
19 the hospital and any other hospital expenses authorized by
20 this chapter for the fiscal year, the commission may issue
21 tax anticipatory warrants drawn on the funds to be raised
22 by the taxes levied under sections 37.7 and 37.8. The warrants
23 shall be in denominations of one hundred, five hundred and
24 one thousand dollars and shall draw interest at a rate not
25 to exceed ~~three-and-one-half~~ six percent per annum. These
26 warrants shall not be a general obligation of any political
27 subdivision which owns the hospital.

28 Sec. 3. Section seventy-four point two (74.2), Code 1979,
29 is amended to read as follows:

30 74.2 ENDORSEMENT AND INTEREST. Except as provided in
31 section 74.8, when any such warrant is presented for payment,
32 and not paid for want of funds, or only partially paid, the
33 treasurer shall endorse the fact thereon, with the date of
34 presentation, and sign ~~said~~ the endorsement, and thereafter
35 ~~said~~ the warrant or the balance due thereon, shall draw

1 interest at ~~five~~ six percent per annum on state and county
2 warrants, and ~~five~~ six percent per annum on city and school
3 warrants, unless the treasurer arranges for the sale of said
4 warrant at par at a lower rate of interest.

5 Sec. 4. Section two hundred two point six (202.6), Code
6 1979, is amended to read as follows:

7 202.6. ANTICIPATORY WARRANTS. The board shall have the
8 authority for the purpose of financing and carrying out the
9 provisions of this chapter to issue anticipatory warrants
10 drawn on the county, in denominations of one hundred dollars,
11 five hundred dollars and one thousand dollars, which
12 anticipatory warrants shall draw interest at not more than
13 ~~three-and-one-half~~ six percent per annum; and shall not be
14 a general obligation on the county and be secured only by
15 the special assessment tax levy as herein provided.

16 Sec. 5. Section four hundred fifty-four point twenty
17 (454.20), Code 1979, is amended to read as follows:

18 454.20 INTEREST. ~~Said~~ The warrants shall bear interest
19 from date at a rate not to exceed ~~four~~ six percent, which
20 interest shall be payable at the end of each year, or for
21 such shorter period as ~~said~~ the warrants may remain unpaid.

22 Sec. 6. This Act is effective January first following
23 its enactment.

24 EXPLANATION

25 The bill increases the maximum interest rate applicable
26 to tax anticipatory warrants to six percent. These warrants
27 are for state revenues, memorial hospitals, public warrants
28 which are unpaid for want of funds, county limestone quarries
29 and the state sinking fund respectively.

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FISCAL NOTE

HOUSE FILE 131

Requested by Representative Cooper Evans
January 31, 1979

In compliance with a written request, there is submitted a Fiscal Note for H.F. 131, pursuant to Joint Rule 16:

House File 131, An Act to increase the maximum interest rate applicable to certain tax anticipatory warrants to six percent.

The bill increases the maximum interest rate applicable to tax anticipatory warrants to six percent. These warrants are for state revenues, memorial hospitals, public warrants which are unpaid for want of funds, county limestone quarries and the state sinking fund respectively.

Records indicate local school districts incurred interest expense of \$414,063 for FY 1977 and \$399,643 for FY 1978. Such expenditures mean the equivalent of approximately \$8,000,000 that is borrowed on a full year basis. ($\$8,000,000 \times .05\% = \$400,000$) thus a one percent increase in the rate would approximate an additional \$80,000 cost to local school district budgets.

Sufficient detail of information relative to other entities, either in our office or in checking with the State Auditor's office, is not available to determine a full statewide fiscal effect.

Source: State Comptroller

FILED
FEBRUARY 13, 1979

GERRY D. RANKIN
Legislative Fiscal Bureau

HOUSE FILE 131

AN ACT

TO INCREASE THE MAXIMUM INTEREST RATE APPLICABLE TO CERTAIN
TAX ANTICIPATORY WARRANTS TO SIX PERCENT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section nineteen point eight (19.8), Code 1979, is amended to read as follows:

19.8 ANTICIPATION OF REVENUES. The executive council may anticipate the revenues for any year, when the current revenues for ~~such~~ that year are insufficient to pay all warrants issued in ~~said~~ that year, by causing state warrants, in an amount not exceeding the estimated state revenues for ~~said~~ that year, and drawing not to exceed five six percent per annum, to be issued, advertised, and sold on sealed bids to the highest bidder. All bids and all records pertaining thereto, and the names of all purchasers shall be kept on file.

Sec. 2. Section thirty-seven point twenty-eight (37.28), Code 1979, is amended to read as follows:

37.28 ANTICIPATORY WARRANTS. If the funds raised under the provisions of this chapter are insufficient for any fiscal year to pay the principal and interest due in that year on any bonds issued for hospital purposes under section 37.6 and to pay the expenses of the operation and maintenance of the hospital and any other hospital expenses authorized by this chapter for the fiscal year, the commission may issue

tax anticipatory warrants drawn on the funds to be raised by the taxes levied under sections 37.7 and 37.8. The warrants shall be in denominations of one hundred, five hundred and one thousand dollars and shall draw interest at a rate not to exceed ~~three-and-one-half~~ six percent per annum. These warrants shall not be a general obligation of any political subdivision which owns the hospital.

Sec. 3. Section seventy-four point two (74.2), Code 1979, is amended to read as follows:

74.2 ENDORSEMENT AND INTEREST. Except as provided in section 74.8, when any such warrant is presented for payment, and not paid for want of funds, or only partially paid, the treasurer shall endorse the fact thereon, with the date of presentation, and sign ~~said~~ the endorsement, and thereafter ~~said~~ the warrant or the balance due thereon, shall draw interest at ~~five~~ six percent per annum on state and county warrants, and ~~five~~ six percent per annum on city and school warrants, unless the treasurer arranges for the sale of said warrant at par at a lower rate of interest.

Sec. 4. Section two hundred two point six (202.6), Code 1979, is amended to read as follows:

202.6 ANTICIPATORY WARRANTS. The board shall have the authority for the purpose of financing and carrying out the provisions of this chapter to issue anticipatory warrants drawn on the county, in denominations of one hundred dollars, five hundred dollars and one thousand dollars, which anticipatory warrants shall draw interest at not more than ~~three-and-one-half~~ six percent per annum; and shall not be a general obligation on the county and be secured only by the special assessment tax levy as herein provided.

Sec. 5. Section four hundred fifty-four point twenty (454.20), Code 1979, is amended to read as follows:

454.20 INTEREST. ~~Said~~ The warrants shall bear interest from date at a rate not to exceed ~~four~~ six percent, which interest shall be payable at the end of each year, or for

such shorter period as said the warrants may remain unpaid.

Sec. 6. This Act is effective January first following its enactment.

FLOYD H. MILLEN
Speaker of the House

TERRY E. BRANSTAD
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 131, Sixty-eighth General Assembly.

DAVID L. WRAY
Chief Clerk of the House

Approved May 4, 1979

ROBERT D. RAY
Governor